

Message Text

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PAGE 01 STATE 234665

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TO AMEMBASSY TOKYO

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E.O. 11652: N/A

TAGS: APUB JA

SUBJ: PRESS RELEASE ON EXIMBANK CREDITS TO JAPAN

FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE THREE DIRECT CREDITS TO JAPAN AIR LINES OF TOKYO. RELEASE IS SCHEDULED FOR ANNOUNCEMENT HERE IN WASHINGTON, D.C. FOR A.M. PAPERS, TUESDAY, OCTOBER 29, 1974.

QUOTE: EXIMBANK CREDITS TOTALLING \$109 MILLION SUPPORT U.S.

JET AIRCRAFT SALES TOTALLING \$305 MILLION TO JAPAN

TO HELP FINANCE \$305,387,000 IN SALES OF U.S. JET AIRCRAFT TO JAPAN, THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK OF THE UNITED STATES HAS AUTHORIZED THREE DIRECT CREDITS IN FAVOR OF JAPAN AIR LINES (JAL) TO TOKYO, ACCORDING TO EXIMBANK'S CHAIRMAN WILLIAM J. UNCLASSIFIED

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PAGE 02 STATE 234665

CASEY. PRELIMINARY COMMITMENTS

COVERING THIS FINANCIAL SUPPORT WERE AUTHORIZED BY EXIMBANK'S BOARD OF DIRECTORS ON MAY 3, 1974.

ONE DIRECT EXIMBANK CREDIT OF \$24,640,000 WILL FINANCE 35.5 PERCENT OF THE TOTAL U.S. COSTS OF \$69,328,000 FOR TWO MCDONNELL DOUGLAS DC-10-40 JET AIRCRAFT WITH RELATED GOODS AND SERVICES. A CREDIT OF \$24,640,000 FROM PRIVATE SOURCES NOT YET DESIGNATED WILL COVER ANOTHER 35.5 PERCENT OF THE U.S. COSTS. THE BALANCE WILL BE A CASH PAYMENT BY JAL OF 29 PERCENT OF THE U.S. COSTS OR \$20,048,000. U.S. SUPPLIERS WILL BE MCDONNELL DOUGLAS CORPORATION OF LONG BEACH, CALIFORNIA, AND THE UNITED AIRCRAFT CORPORATION OF HARTFORD, CONNECTICUT. THE AIRCRAFT WILL BE FOR USE ON INTERNATIONAL ROUTES. FORMED IN 1951, JAL'S INTERNATIONAL ROUTES INCLUDE THE UNITED STATES, CANADA, MEXICO, EUROPE, MIDDLE EAST AND ASIA.

THE LOANS ARE TO BE REPAID IN 20 SEMIANNUAL INSTALLMENTS BEGINNING JANUARY 10, 1977. REPAYMENT OF EXIMBANK'S CREDIT OF \$24,640,000 WILL BE GUARANTEED BY THE GOVERNMENT OF JAPAN.

THE SECOND EXIMBANK CREDIT OF \$47,247,200 WILL FINANCE 35.5 PERCENT OF THE TOTAL U.S. COSTS OF \$132,964,000 FOR FOUR MCDONNELL DOUGLAS DC-10-40 JET AIRCRAFT WITH RELATED GOODS AND SERVICES. A CREDIT OF \$47,247,200 FROM PRIVATE SOURCES NOT YET DESIGNATED WILL FINANCE ANOTHER 35.5 PERCENT OF THE U.S. COSTS. THE BALANCE WILL BE A CASH PAYMENT BY JAL OF 29 PERCENT OF THE TOTAL U.S. COSTS OF \$38,469,000. U.S. SUPPLIERS WILL AGAIN BE MCDONNELL DOUGLAS CORPORATION AND UNITED AIRCRAFT CORPORATION BUT THE AIRCRAFT WILL BE FOR USE ON DOMESTIC ROUTES.

THE LOANS ARE TO BE REPAID IN 20 SEMIANNUAL INSTALLMENTS BEGINNING JULY 10, 1976. REPAYMENT OF EXIMBANK'S LOAN OF \$47,247,200 IS TO BE GUARANTEED BY THE JAPAN DEVELOPMENT BANK.

THE THIRD EXIMBANK CREDIT OF \$37,557,600 WILL FINANCE 36.45 PERCENT OF THE TOTAL U.S. COSTS OF \$103,095,000 FOR THREE BOEING 747 JET AIRCRAFT WITH RELATED GOODS AND SERVICES. A CREDIT OF \$37,557,600 FROM PRIVATE SOURCES NOT YET DESIGNATED WILL FINANCE ANOTHER 36.45 PERCENT OF THE U.S. COSTS AND THE BALANCE WILL BE A CASH PAYMENT BY JAL OF 27.1 PERCENT OR \$27,979,800. DELIVERIES OF THE AIRCRAFT BY THE BOEING COMPANY UNCLASSIFIED

UNCLASSIFIED

PAGE 03 STATE 234665

OF SEATTLE, WASHINGTON, ARE SCHEDULED FOR JANUARY, FEBRUARY, AND MARCH 1976. THEY WILL BE FOR USE ON JAL'S INTERNATIONAL ROUTES.

THE LOANS ARE TO BE REPAID IN 20 SEMIANNUAL INSTALLMENTS BEGINNING SEPTEMBER 5, 1976. REPAYMENT OF EXIMBANK'S CREDIT OF \$37,557,600 IS TO BE GUARANTEED BY THE GOVERNMENT OF JAPAN.

ALL THREE OF EXIMBANK'S CREDITS DESCRIBED ABOVE ARE TO BE

REPAID OUT OF THE LAST 10 INSTALLMENTS OF THE 20 INSTALLMENT RE-
PAYMENT SCHEDULES WITH INTEREST AT AN ANNUAL RATE OF 7 PERCENT
PER ANNUM, WHICH WHEN BLENDED WITH THE PORTION OF THE CREDITS
FROM THE PRIVATE SOURCES RESULTS IN AN INTERST COST TO THE BORROWER,
BASED ON CURRENT RATES, OF ABOUT 8.65. PERCENT TO 8.9 PERCENT
PER ANNUM. UNQUOTE. INGERSOLL

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